

From:Chaves, Francisco
Sent:Thu, 24 Feb 2022 14:41:39 -0500
To:Bender, Jeff;McDonald, Ian;Bernard, Gina;Scherbluk, Darian
Cc:Beaudoin, Denis;MacAulay, Luke;Vickery, Adrienne;Hughes, Kelley
Subject:Timeline of events EEMO - supplementary information
Attachments:Crypto Crowdfunding Campaign.docx, 2022-02-17 Updated-220217-Cryptocurrency Alert-Emergency Act.docx, Inquiries Template.docx, Template_CoverPage.docx

Hi,

As we prepare to eventual parliamentary appearances and questions, please see some more information on how things unfolded from an FPCO-FC point of view. Be mindful that this update should be read in conjunction with EEMO timeline that I provided yesterday.

I hope this helps to provide clarity on the RCMP's actions.

Cryptocurrency:

Adrienne put together a bit more information regarding how the cryptocurrency side was handled – specifically as per what type of information was shared with the exchangers. Please refer to the document attached. I took some wording from it and put it in the email for ease of reference.

[On Feb 1, 2022] The HonkHonkHodl Bitcoin crowdfunding campaign was created on the Tallycoin platform in support of the Trucker Convoy. All donations were collected in one Bitcoin address. A Bitcoin address is a unique identifier where cryptocurrency can be sent.

In order to purchase, sell or convert cryptocurrency, users will use a third party platform known as a cryptocurrency exchange or a cryptocurrency ATM to facilitate the transaction (similar to a bank). These entities are regulated in Canada as MSBs under PCMLTF.

Given their collection of KYC, these entities give law enforcement the opportunity to provide attribution to the owner of an address through the service of a Production Order. They can also intercept a transaction and hold assets within custody when required with judicial authorization or other legal authority (eg. *Emergencies Act*). It is important to highlight that the RCMP did not provided any judicial authorization, but instead it limited itself to provide info so banks could determine to whether or not freeze an account (or stop the transaction in this virtual currency case).

Please refer to the timeline to see when the Alerts were send. Attached is the Second Alert for reference as what information was shared.

Feb 16th

On February 16th, the issue regarding the how insurance companies would comply with the EEMO was raised – how to stop/suspend dealings with clients when engaged in an insurance coverage contract. The concern was that individuals listed would have their vehicle insurance or other types of insurance suspended which would cause problems if police asked those individuals to move their vehicles and drive back home (which would not have insurance coverage since it got suspended). Considering the gray areas of applying the EEMO in this industry, the RCMP decided not to resort to this aspect of the EEMO because it would create more harm than good.

Also, as an FYI, on that same day (Feb 16th) RCMP FPCO FC began receiving and tracking correspondence from Financial Institutions related to Frozen Financial Products (e.g., bank accounts).

Information sharing template:

For the purpose of reference as to what type of information was shared with FI's, I'm attaching the letter template and the information template that was used to provide such information. This package was used by RCMP (SII) to share information with the FI's about the people actively and physically engaged in the protest.

OPP/OPS had their own packages of 15 individuals that the RCMP only channeled to the FI's.

Other things to consider:

- 1- **RCMP left providing information/guidance:** Albeit this was a very exceptional situation, the fact of the matter is that the RCMP had to provide a certain type of guidance and clarity to FI's on a law that was minutes/hours old (aka put on the spot). In all, the banks have really appreciated the RCMP's availability to navigate these uncertain waters with them. The lack of guidance within EMA left the banks wondering how to apply the orders. As much as we could, RCMP provided guidance (without trumping their legal counsel), which helped apply the measures in a targeted and proportioned way. This has helped the banks manage effectively their relationships with clients that at one point were worried about being targeted because they 'bought FreedomConvoy merchandise' or provided financial support to the cause. If there is a next time, DoF and even perhaps FINTRAC should be more engaged in writing some type of Q&A so banks have some type of guidance on what to do.
- 2- **Lack of clarity:** Now that the EMA/EEMO has been lifted, some institutions still have some questions regarding requirements to report. Some institutions have identified information that they should have reported, but for whatever reason (mainly clarity) it was not. Now they are wondering if they need to report it or not.
- 3- **Disposal of information:** Banks are wondering what to do with information captured during the life span of the EMA. Should they delete it? Or keep it and incorporate into their AML systems - which could impact client-bank relationships? Once more, another example of the lack of guidance on EEMO.

Nuance in reported numbers

I'm simply copying what Kelley brought up before.

All the disclosures [from SII], except for 2, were technically linked to vehicle observations, but the cover pages SII included specified the disclosure was related to an individual or entity (i.e. corporation), which generally coincided with registered owners. 1 disclosure however, although originally linked to a vehicle, we counted as an individual due to the nature and timing of the disclosure. The disclosures themselves in some cases had information to support other entities meeting the definition of a designated person under the Order as well. So, the number of individuals and vehicles reported really relates to number of “packages” received from SII and subsequently disclosed. The financial entities could use the information therein to determine what action, if any, they would take, and against who, but my task [the RCMP’s] was not to review or pull that additional information out; it was simply to be a conduit.

-Fran